

K.L.E. GROUP LIMITED
UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2017

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K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF COMPREHENSIVE INCOME
THREE (3) MONTHS ENDED MARCH 31, 2017

	Unaudited Quarter ended March 31, 2017 \$	Unaudited Quarter ended March 31, 2016 \$	Audited Year ended December 31, 2016 \$
Revenue	49,400,581	44,535,912	195,896,114
Cost of Sales	<u>(15,522,427)</u>	<u>(14,608,685)</u>	<u>(62,696,769)</u>
Gross profit	33,878,154	29,927,227	133,199,345
Other operating income	2,968,684	929	176,771,980
Administrative and other expense	<u>(30,690,413)</u>	<u>(25,697,153)</u>	<u>(129,443,531)</u>
Profit from operations	6,156,425	4,231,003	180,527,794
Finance income	-	155,543,853	-
Finance and depreciation cost	<u>(4,071,872)</u>	<u>(5,300,790)</u>	<u>(18,377,713)</u>
Profit before taxation	2,084,553	154,474,066	162,150,081
Taxation	<u>-</u>	<u>-</u>	<u>872,340</u>
NET PROFIT FOR THE PERIOD FROM CONTINUED OPERATIONS	2,084,553	154,474,066	163,022,421
Net Loss from discontinued operation	<u>-</u>	<u>(369,400)</u>	<u>(1,361,547)</u>
NET PROFIT FOR THE PERIOD FROM OPERATIONS	2,084,553	154,104,666	161,660,874
Unrealized Gain on revaluation of investment in subsidiary, transferred to revaluation reserved	-	(76,216,488)	-
NET PROFIT FOR THE PERIOD, BEING TOTAL COMPREHENSIVE PROFIT FOR THE YEAR	<u>2,084,553</u>	<u>77,888,178</u>	<u>161,660,874</u>
Number of shares	100,000,000	100,000,000	100,000,000
Profit per stock unit:	<u>2 cents</u>	<u>78 cents</u>	<u>162 cents</u>

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	Notes	Unaudited as at March 31, 2017	Unaudited as at March 31, 2016	Audited as at December 31, 2016
		\$	\$	\$
NON-CURRENT ASSETS				
Property, plant and equipment	3	56,891,479	60,349,464	60,895,656
Long term investment		12,753,556	11,969,348	12,753,556
Investment in associate		77,363,202	76,216,488	77,363,202
Deferred tax asset		6,098,759	5,166,419	6,098,759
Total non-current assets		153,106,996	153,701,719	157,111,173
CURRENT ASSETS				
Inventories		3,242,346	3,982,010	3,213,717
Receivables		25,723,292	3,610,708	22,759,092
Due From related party		34,007,440	28,909,368	35,596,207
Cash and cash equivalents		6,902,363	7,382,982	9,443,311
Total current assets		69,875,441	43,885,068	71,012,327
Non current Asset classified as held-for-sale		-	30,786,811	-
Total assets		222,982,437	228,373,598	228,123,500
EQUITY				
Share capital		122,903,318	122,903,318	122,903,318
Revaluation reserve		-	76,216,488	-
Accumulated deficit		13,964,363	(71,892,886)	11,879,810
		136,867,681	127,226,920	134,783,128
NON-CURRENT LIABILITIES				
Loans	4	10,173,485	-	11,216,928
Due to related party		1,368,682	-	1,781,865
		11,542,167	-	12,998,793
CURRENT LIABILITIES				
Loans	4	3,711,991	9,253,430	3,563,866
Payables	5	66,268,614	81,980,520	72,492,098
Bank overdraft		3,733,055	7,992,677	3,426,388
Due to related party		-	1,059,932	-
Taxation		858,929	860,119	859,227
Total current liabilities		74,572,589	101,146,678	80,341,579
Total equity and liabilities		222,982,437	228,373,598	228,123,500

Approved by the Board of Directors and signed on its behalf by:

Gary Matalon (Director)

David Shirley (Director)

K.L.E. GROUP LIMITED
UNAUDITED
STATEMENT OF CHANGES IN EQUITY
THREE (3) MONTHS ENDED MARCH 31, 2017

	Share capital ₹	Revaluation reserve	Retained earnings ₹	Total ₹
Audited balances at December 31, 2015	122,903,318	-	(149,781,064)	(26,877,746)
Total comprehensive profit for the period ended March 31, 2016	-	-	154,104,666	154,104,666
Un realized - Gain on revaluation of investment in subsidiary, transferred to revaluation reserved	-	76,216,488	(76,216,488)	-
Unaudited balances at March 31, 2016	122,903,318	76,216,488	(71,892,886)	127,226,920
Audited balances at December 31, 2016	122,903,318	-	11,879,810	134,783,128
Total comprehensive profit for the period ended March 31, 2017	-	-	2,084,553	2,084,553
Unaudited balances at March 31, 2017	122,903,318	-	13,964,363	136,867,681

K.L.E. GROUP LIMITED
UNAUDITED
COMPANY'S STATEMENT OF CASH FLOWS
THREE (3) MONTHS ENDED MARCH 31, 2017

	Unaudited Quarter ended March 31, 2017 ₹	Unaudited Quarter ended March 31, 2016 ₹	Audited Year ended December 31, 2016 ₹
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (Loss) for the period / year	2,084,553	77,888,178	161,660,874
Items not affecting cash	4,666,307	80,283,733	(59,441,174)
Operating profit before changes in working capital	6,750,860	158,171,911	102,219,699
Changes in working capital:			
Inventories	(28,629)	514,486	1,282,780
Receivables	(2,964,199)	315,437	7,844,793
Payables	(6,223,484)	1,053,500	(13,383,919)
Related party	1,175,584	(80,113,481)	(88,051,388)
Taxation	(297)	(230)	(61,123)
Net cash (used in)/provided by operations	(1,290,165)	79,941,623	9,850,842
Cash flows from investing activities			
Interest received	1,185	930	4,670
Sale of shares - investment in subsidiary	-	(76,216,487)	-
Purchase of property, plant and equipment	(63,999)	(171,768)	(2,446,215)
Net cash used in by investing activities	(62,814)	(76,387,325)	(2,441,545)
Cash flows from financing activities			
Interest Expense	(599,317)	-	(2,755,744)
Proceeds from loans	-	-	16,600,000
Loan repayment	(895,319)	(2,810,863)	(13,883,499)
Net cash used in by financing activities	(1,494,636)	(2,810,863)	(39,243)
Net (decrease)/increase in cash and cash equivalents	(2,847,615)	743,435	7,370,054
Cash and cash equivalents at beginning of period:	6,016,923	(1,353,131)	(1,353,131)
Cash and cash equivalents at end of period / year	3,169,308	(609,696)	6,016,923

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2017

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

K.L.E Group Limited (the "Company ") and its subsidiary (Collectively referred to as the Group) are limited liability companies incorporated and domiciled in Jamaica. The registered office of the company and its subsidiaries is Unit 6, 67 Constant Spring Road, Kingston 10, Jamaica.

The Company's shares were listed on the Junior Market of the Jamaica Stock exchange on October 22, 2012.

The principal activity of the Company is the provision of live entertainment. It operates a restaurant and is involved in other related activities.

As at March 31, 2016 KLE Group had 49% shareholding in T and R Restaurant Systems Limited trading as Franchise Jamiaca (short Franjam). Franjam was formed to own, develop, manager and license "Tracks & Records" themed restaurants, as well as manage the future growth, franchising and licensing of other "tracks & Records" theme restaurants.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim financial statements have been prepared under the historical cost basis and are expressed in Jamaican Dollars.

The Company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS).

The interim financial report is to be read in conjunction with the audited financial statements for the year ended December 31, 2016. These explanatory notes attached to the interim financials statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended December 31, 2016.

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended December 31, 2016.

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2017

3. PROPERTY, PLANT AND EQUIPMENT - Cont.

	Leashold Improvements \$	Equipment \$	Furniture & Fixtures \$	Security System \$	Computers \$	Total \$
At cost:						
Beginning of year	72,095,270	25,945,798	45,459,263	138,293	7,544,524	151,183,148
Additions	34,000	-	-	-	29,999	63,999
End of period	<u>72,129,270</u>	<u>25,945,798</u>	<u>45,459,263</u>	<u>138,293</u>	<u>7,574,523</u>	<u>151,247,147</u>
Accumulated						
Depreciation						
Beginning of year	49,976,460	10,664,856	23,295,668	74,993	6,275,515	90,287,492
Charge for the period	2,234,340	463,559	1,016,871	3,458	349,948	4,068,176
End of period	<u>52,210,800</u>	<u>11,128,415</u>	<u>24,312,539</u>	<u>78,451</u>	<u>6,625,463</u>	<u>94,355,668</u>
Net book value end of period	<u>19,918,471</u>	<u>14,817,383</u>	<u>21,146,723</u>	<u>59,841</u>	<u>949,059</u>	<u>56,891,479</u>
End of prior year	<u>22,118,810</u>	<u>15,280,942</u>	<u>22,163,594</u>	<u>63,300</u>	<u>1,269,010</u>	<u>60,895,656</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2017

4. LOANS PAYABLE

	Unaudited March 31, 2017 ₪	Unaudited March 31, 2016 ₪	Audited December 31, 2016 ₪
Bank loan - Sagicor Bank Limited			
(i) JS25.2 Million Loan	-	5,519,211	-
(ii) JS16 Million Loan	-	3,734,219	-
(iii) JS16.6 Million Loan	13,885,476		14,780,794
	<u>13,885,476</u>	<u>9,253,430</u>	<u>14,780,794</u>
Total loans	<u><u>13,885,476</u></u>	<u><u>9,253,430</u></u>	<u><u>14,780,794</u></u>
Classified as follows:			
Non-current			
Bank loans	<u>10,173,485</u>	-	<u>11,216,928</u>
Current			
Bank loan	<u>3,711,991</u>	<u>9,253,430</u>	<u>3,563,866</u>
Total loan payable	<u><u>13,885,476</u></u>	<u><u>9,253,430</u></u>	<u><u>14,780,794</u></u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2017

5. PAYABLES

	Unaudited March 31, 2017 \$	Unaudited March 31, 2016 \$	Audited December 31, 2016 \$
Trade payables	14,116,441	20,458,666	16,411,974
Accruals	-	25,907	-
Statutory payables	10,505,225	12,603,335	11,352,397
Credit cards	13,383,326	12,838,979	11,214,667
GCT	8,972,283	9,370,273	14,365,998
Deferred income	-	6,593,559	-
Royalties payable	2,925,963	7,231,070	2,474,982
Other payables	16,365,376	12,858,731	16,672,080
	<u>66,268,614</u>	<u>81,980,520</u>	<u>72,492,098</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2017

6. SEGMENT REPORTING

The company has three reportable segments based on location and services that it offers. These services are described in its principal activities (Note 1). The identification of business segment is based on the management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Information regarding results of each reportable segment is included below. Performance is measured on segment profit before taxation as included in the management reports. Segment profit before taxation is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operates within these industries.

	Unaudited			
	Three (3) months ended March 31, 2017			
	Night Club (Discontinued)	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Revenues	<u>-</u>	<u>49,400,581</u>	<u></u>	<u>49,400,581</u>
Segment (loss)/Profit for the period before taxation	<u>-</u>	<u>5,679,738</u>	<u>(3,595,185)</u>	<u>2,084,553</u>

	Unaudited			
	as at March 31, 2017			
	Night Club (Discontinued)	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Segment assets	<u></u>	<u>57,987,940</u>	<u>164,994,497</u>	<u>222,982,437</u>
Segment liabilities	<u>-</u>	<u>48,794,435</u>	<u>37,320,321</u>	<u>86,114,756</u>

K.L.E. GROUP LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
THREE (3) MONTHS ENDED MARCH 31, 2017

6. SEGMENT REPORTING (CONT'D)

	Unaudited Three (3) months ended March 31, 2016			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Revenues	-	44,535,912	-	44,535,912
Segment loss for the period before taxation	(369,400)	4,007,400	74,250,178	77,888,178
	Unaudited as at March 31, 2016			
	Night Club	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Segment assets	30,786,811	72,512,967	125,073,820	228,373,598
Segment liabilities	-	49,932,473	51,214,205	101,146,678
	Audited Year ended December 31, 2016			
	Night Club (Discontinued)	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Revenues	-	195,896,114	-	195,896,114
Segment (loss) / profit for the year before taxation	(1,361,547)	20,763,927	142,258,494	161,660,874
	Audited as at December 31, 2016			
	Night Club (Discontinued)	Restaurant	Corporate Office	Total
	\$	\$	\$	\$
Segment assets	-	58,525,272	169,598,228	228,123,500
Segment liabilities	-	50,122,566	43,217,807	93,340,372